

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EUR-12 CIAE-00 DODE-00 PM-05 H-01

INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15

ICA-11 AID-05 TRSE-00 OMB-01 XMB-02 FRB-03 EB-08

/095 W

-----101280 141214Z /11

R 130600Z SEP 78

FM AMEMBASSY SANA

TO SECSTATE WASHDC 5922

INFO AMEMBASSY JIDDA

C O N F I D E N T I A L SANA 4469

E.O. 11652: GDS

TAGS: EAID, YE, UR, US

SUBJ: SOVIET AID TO YEMEN AND REPAYMENT OF YAR DEBT TO USSR

1. PRIME MINISTER TOLD CHARGE RANSOM AND DCM DESIGNATE GNEHM ON 12 AUGUST THAT YARG INTENDS TAKING A NUMBER OF STEPS TO LIMIT ROLE OF SOVIETS IN YAR. SOVIET DOCTORS WERE GRADUALLY BEING THINNED OUT, FOR INSTANCE, AS THEIR CONTRACTS EXPIRED AND YEMENIS HAD REJECTED ANNUAL OFFER OF 120 STARTS FOR UNDERGRADUATE EDUCATION IN SOVIET UNION.

2. HOWEVER, HE SAID, AGREEMENT HAD BEEN REACHED WITHIN LAST MONTH ON REPAYMENT BY YAR OF YEMENI DEBT WHICH AMOUNTS TO OVER 250 MILLION DOLLARS. MILITARY PORTION WOULD NOT BE REPAYED BUT YEMENIS AGREED TO PAY 5 MILLION DOLLARS A YEAR TOWARDS RETIRING OUTSTANDING 42 MILLION DOLLARS OF AGREED 65 MILLION DOLLAR COMMERCIAL AND AID AGREEMENT. PRIME MINISTER NOTED THAT YEMENIS HAD NOT SEEN ANY WAY TO AVOID REPAYING SOVIET UNION WHEN THEY WERE REPAYING US AND WORLD BANK LOANS READILY. (ACCORDING TO COMMENT OF MOHAMMED JUNAYD LAST YEAR, YEMENIS MADE FIRST PAYMENT ON DEBT OF 4.8 MILLION DOLLARS. PAYMENTS HAVE NOW BEEN FORMALIZED, APPARENTLY.)

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3. SOVIETS WERE GOING AHEAD ON EXTENSION OF BAJIL CEMENT PLANT AS AGREED LAST YEAR WITH PAYMENT TO COME IN FORM OF 50 THOUSAND TONS A YEAR OF PROPOSED PLANT CAPACITY OF 250 THOUSAND TONS.

4. PRIME MINISTER IMPLIED THAT REPAYMENT IN KIND WAS MORE

PREFERABLE TO YAR THAN REPAYMENT IN DOLLARS, AS LATTER HAD
DEPRECIATED MARKEDLY AGAINST RUBLE. YEMENIS WERE USING
EXCHANGE RATE OF "MORE THAN 1.25 DOLLARS TO THE RUBLE."

COMMENT: IN THE WORLD OF DIPLOMATIC SIGNALS, THE
AGREEMENT TO A FORMAL REPAYMENT SCHEDULE FOR THE ECONOMIC
DEBT OF YEMEN TO THE SOVIET UNION SHOWS THERE ARE LIMITS
TO THE WILLINGNESS OF YEMENIS TO DISASSOCIATE THEMSELVES
FROM THE SOVIET UNION.
RANSOM

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NNN

Message Attributes

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Draft Date: 13 sep 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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